Managing Obsolescence within a Performance Based Logistics (PBL) Framework

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Outline

- Diminishing Manufacturing Sources, Material Shortages (DMSMS) Tenets
- Guidance for DMSMS Contractual and PBL Language
- Top Ten DMSMS Contracting Guidelines
- Assessing DMSMS During the Independent Logistics Assessment (ILA) Process
- Collaborating with the Services and DoD Agencies
- Integrating DMSMS into a Shared Data Warehouse
- Top ways to mitigate DMSMS risk

DMSMS Tenets

Management of DMSMS:

- Is a DoN strategic management process
- Is a continuous and comprehensive process that facilitates decisions to influence Total Ownership Costs while meeting the warfighters' needs
- Recognizes that limited resource availability drives solutions
- Employs a hierarchy of cost reduction activities
- Recognizes that carefully structured contracting incentives can offer great leverage in achieving DMSMS objectives
- Requires risk management
- Is a cradle to grave process

Contractual/PBL Guidance

Background:

- DASN(L) chartered a DMSMS Integrated Product Team (IPT) to recommend policy guidance on DMSMS management to include contractual and PBL guidance.
- IPT included representatives from the Office of Assistant Secretary of the Navy (RD&A) and DoN Systems Commands.
- IPT developed a “DoN DMSMS Contractual Guide”. Review & approval planned for October 2005.
- Contractual Guide provides DMSMS contracting guidelines to help Program Managers (PM) with oversight of DMSMS management by PBL providers.

Contractual/PBL Guidance Cont.

The DMSMS Contractual Guide also discusses the following:

- DMSMS Management
- Parts Control Program
- Configuration Management/Control
- Supplier Subcontractor Management
- Bills of Materials
- DMSMS Forecasting and Notifications
- Open System Architecture for Software

It *Does Not* provide a unique template, since all systems have unique requirements and different acquisition strategies that require a thoughtful tailoring process.

Top Ten DMSMS Contracting Guidelines

To mitigate DMSMS risks, contracting guidelines have been proposed for use in appropriate contracts - traditional or PBL:

1. Incremental delivery of the Bills of Material (BOM)
2. Identification and development of a program Technology Roadmap
3. Configuration management of the BOM at the piece part level
4. Continuous monitoring of the BOM…with periodic feedback to PMs
5. Continuous proactive DMSMS management: identification – forecasting – mitigating… employing technology roadmaps
6. Continual tracking and management of DMSMS cases
7. Determination of cost effective solutions…“Hierarchy of Cost Avoidance Methodology”
8. Reporting and tracking of performance and cost metrics
9. Insight into prime contractors management of subcontractors
10. Exit clauses that includes delivery of the above as required

DMSMS and ILAs

Background:

- ILA is required by DoN policy instructions for all ACAT I-IV Programs at Milestones B, C, and Full Rate Production
- The *ILA Handbook* (NAVSO P-3692) provides evaluation criteria for all Integrated Logistics Support areas, including DMSMS

DMSMS Assessment Process:

- DMSMS planning and implementation is assessed against the DMSMS criteria in the handbook
- Funding for DMSMS is assessed for adequacy
- The contract is assessed to ensure it contains adequate DMSMS requirements in accordance with the management strategy
- The Integrated Master Schedule is assessed to ensure planning and implementation is done at the appropriate time
- Metrics are reviewed to assess the program's health

Collaboration Within DoD

- Leadership (Vice Chair) through the OSD Chartered DoD DMSMS Working Group
- DoN DMSMS initiatives (e.g.: the *DMSMS Management Plan Guidance*) are shared with the DoD Community
- Teaming with DAU to develop an electronic DMSMS "Plan Builder" tool
- Engaged with USAF in Joint PBL ventures
- DoN will host the next DMSMS Conference to be held in Charlotte, NC, July 2006
- Joint and Coalition Obsolescence Management Modernization System Technology Program (JCOMMS)

Collaboration Within DoD
JCOMMS

NAVAIR is leading the effort to develop the Joint and Coalition Obsolescence Management Modernization System Technology Program (JCOMMS)

JCOMMS will:

- Integrate highly fragmented solutions for warfighter sustainment teams across DoD
- Integrates data sources, tools, and processes into a single obsolescence management system that meets the needs of a joint community

Collaboration Within DoD
JCOMMS

This is accomplished by:

- Single entry point for consistent interface to data sources and tools
- BOM functionality (Part Numbers Formatting and Cleansing)
- Simultaneously search across multiple disparate sources
- Parametric search capable
- Knowledge management and capture features
- User customizable links to related services
- Predictive obsolescence and workflow

Status:

- Portal — Phase 1 – Feasibility (Completed)
- E-Portal — Phase 2 – Demonstration (Completed)
- JCOMMS — Phase 3 – Design, Build and Implement
  - Navy IOC-Spring 2006
  - Integration into DMSMS COE web site and SDW-2007

Integrating DMSMS into a Shared Data Warehouse (SDW)

NAVSUP is developing a module to the DoD Shared Data Warehouse (SDW)

Benefits of the SDW include:

- Provides a single “go to” point for DoN DMSMS
- Aligns fragmented and disjointed DMSMS activities
- Facilitates systematic information sharing in a collaborative environment
- Increases visibility for centralized management of DMSMS
- Provides for statistic and metric reporting and analysis

Integrating DMSMS into a Shared Data Warehouse (SDW)

Features_

- Notification Entry Form
- GIDEP and DLA Module
- DMSMS Metrics Reporting Tool
- Service Requirements Web Site
- Shared Case Data within DoN

Status

- DoN Module (development fully funded by DLA)
- Beta testing to be completed by Summer 2006
- DoN organic tools will provide access to all non-proprietary parts data and DoN program DMS solutions data into the SDW (data available for transfer 3Q FY06).

Conclusion

Top ways to mitigate DMSMS risk

- Understand the technology roadmap
- Manage the BOM
- Continuously assess your DMSMS management process
- Continuously assess your contractor's processes
- Collect DMSMS cost and performance metrics
- Analyze the results
- Share data

Be Proactive!